Investigation into the Mapple Leaf Trading International Pvt. Ltd.

SCAM

156. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have been investigating into the Mapple Leaf Trading International Pvt. Ltd. scam running into crores of rupees in the matter of FERA violations and dupingtof thousands of investors;

(b) if so, what is the outcome thereof; and

(c) what action has been taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DHANANJAYA KUMAR): (a) Yes, Sir.

(b) and (c) The Managing Director of the Company, was arrested on 08.07.99 for alleged FERA violations. The Enforcement Directorate has also launched prosecution under Section 56 of FERA, 1973 against the said Company, its Managing Director and two other Directors, in the appropriate Court at New Delhi.

Meeting of United Forum of Bank Union with RBI Governor

157. SHRI GURUDAS DAS GUPTA:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the United Forum of Bank Union (UFBU), the Umbrella Union of nine bank Unions had met the RBI Governor to discuss its reservations on the implementation of some of the anti-employee and anti-public sector prescriptions of the M.S. Verma Committee on weak banks; and

(b) if so, the details of this regard and the out come thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) The details of the discussions are given in the enclosed Statement.

Statement

Welcoming the representatives of the bank unions, Governor Shri Jalan said that he was happy to meet with the national leaders of the bank unions and listen to their views on the recommendations of the Verma Committee. He said that the report had been published by the Reserve Bank with a view to having widest public debate. The report had also been submitted to the Government as on some of the crucial recommendations, the decisions would have to be taken by the Government. He also said that the Reserve Bank was studying the report and it had not yet taken a final view. The time was, therefore, opportune to hear the views of the union leaders.

The Governor further stated that the strengthening of the banking sector was an important priority for the country. A strong banking sector was as important for the employees as for the Government as the owner and the Reserve Bank as the regulator. It was, therefore, in the common interest to devise policies that project the employees and at the same time make weak banks viable.

The representatives of the bank employees, union agreed that it was necessary to further strengthen the banking system. They were, however, totally opposed to the approach adopted by the Verma Committee. They contended that the Committee had paid no attention to the core issue of recovering bad loans and reducing non-performing assets. That was the basic reasons why the so-called weak banks had become weak, they argued. In this connection, they also pointed out that they were not in favour of the asset reconstruction fund as also reduction in staff strengthen proposed by the Verma Committee. According to them it was essential to focus attention on recovering bad loans. In this contest they emphasised that urgent steps need to be taken to strengthen the legal structure for speedy recovery of bad loans.

Instead of focussing on these issues, the Verma Committee had put the entire burden of reconstructing weak banks on bank employees who were in no way responsible for the weakness in banks. The bank unions also said that they were irrevocably committed to maintaining the public sector character of banks and were not in favour of privatising them, as seemed to be direction in which Verma

Committee was wanting to take the banking sector. The unions, on their part, assured their full commitment towards better customer service, efficiency and accountability to improve the operations of the banking system.

In his concluding remarks, the Governor thanked the unions for their views and assured them that their views would be taken into account while finalising the Reserve Bank's views on the recommendations of the Verma Committee. He also urged the Unions to take an integrated view of all the recommendations made by the Committee in various aspects of strengthening the weak banks. A balanced package with co-operation of all concerned had to be worked out in the long term interest of these banks.

Top Loan Defaulters of IDBI, ICICI and IFCI

158. SHRI GURUDAS DAS GUPTA:

SHRI J. CHITHARANJAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that over Rs. 2500 crore of the combined loan portfolio of Financial Institutions IDBI, ICICI and IFCI is locked in legal suits as on 31st March, 1999;

(b) if so, which are the top loan defaulters having outstanding balance of Rs. 50 crore or more for repayment to these three FIs as on March, 31 1999; and

(c) what steps are being taken to tackle such huge Non-performing Assets (NPAs) problem?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) Industrial Development Bank of India (IDBI) has reported that there are six companies in the portfolio of three financial institutions viz. IDBI, IFCI, ICICI having outstanding assistance of Rs. 50 crores or more in respect of which suits have been filed for recovery of dues. Names of individual constituents however, cannot be divulged in accordance with the preactices and usages customary amongst banks and in conformity with provisions of statutes govering public sector banks and financial institutions as also the